



# Kolegji AAB

FACULTY OF ECONOMICS -MASTER STUDIES

MARKETS AND FINANCIAL INSTITUTIONS

MASTER THESIS

## **BANKS AND RISK OF COMMERCIAL BANKS CREDIT IN THE REPUBLIC OF KOSOVO DURING 2008-2013**

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## INTRODUCTION

When you want to make any conclusion about banks and bank risks, it's a very interesting topic to research and study about.

We all want to know:

- What really happens in bank?
- What strategies do they use for work management?
- Who supervises the banks?
- What are the risks involved?
- How do they manage to provide capital to be liquid?
- What interest rates do you use?
- What kind of products they offer and so on.

Following this topic, we will present cases from practice to better understand the banks.

Through this work, my contribution will be to highlight the importance of studying the banks.

I would also like to have foreign investors to invest in Kosovo and take an example from foreign banks operating in our country, that they offer good conditions for investment in Kosovo and are very profitable at the balance of the banks that have reached millions of euros that have come up to now. The banking system in Kosovo has managed to gain the confidence of individuals and businesses deeply considering their development so far. Today, many international reports assess the stable banking sector in the face of financial crises in the region and beyond. Nevertheless, although stable, the banking system remains among the main barriers in the Kosovar business environment. High interest rates and low access to finance for businesses are seriously hindering the development of the private sector and consequently the economic development of Kosovo.

After about 12 years of establishment, taking into account the perceptions of stakeholders, it is difficult to say that the banking sector has played its part in facilitating economic reconstruction, but today this sector is a serious obstacle to any potential initiative from the private sector.

It is also worth noting that the requirements to operate as a bank in Kosovo are growing, as they see it as a more lucrative and secure business.

## **RECOMMENDATIONS**

I recommend that commercial banks operating in Kosovo should facilitate the procedures for credit, as in some cases, unnecessary documents are required such as: to personal credit clients (though they have active loans for many years, and these clients if they need to repay the credit, documents are still required as being a new client).

I recommend that commercial banks lower the interest rate on loans to businesses and agribusinesses. This is done by reducing the deposit of customers' deposits. As in these cases, the wealth is being enriched by the bank, while clients who need investment in business and capital, from which we also have employment generation, most of the profit goes to the bank, so they are only getting poor.

I recommend that commercial banks in Kosovo be closer to their customers, as most customers know very little about banking products. And for every product that customers use, be knowledgeable. For example: ATMs, use of alternative cards, electronic services, etc.

I recommend that commercial banks in Kosovo do not have administrative costs. Since the customers are not well informed.

I recommend that the central bank of Kosovo and commercial banks should reduce the needs of the collateral as a demand for loans at the regional average levels and improve the loan offer with longer terms.